

~~\*\*\*\*\*CONFIDENTIAL\*\*\*\*\*~~ COPY

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FM THE SITUATION ROOM

TO AMCONSUL JERUSALEM

C O N F I D E N T I A L

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TOHAK 231

PLEASE DELIVER TO BREMER/RODMAN FOR THE SECRETARY

MEMORANDUM FOR: SECRETARY KISSINGER

FROM: RICHARD KENNEDY

SUBJECT: DEVELOPMENT AND COORDINATION OF AID PROGRAMS

AS BRENT HAS REPORTED EARLIER, WE HAVE EXPERIENCED SOME DIFFICULTY IN THE INTERAGENCY PROCESS OF COORDINATING AID PROGRAMS IN RECENT WEEKS. STATE HAS NOT ALWAYS CUT IN THE OTHER AFFECTED AGENCIES, INCLUDING YOUR NSC STAFF, DURING THE PROCESS. AS A CONSEQUENCE, PROGRAMS HAVE BEEN INITIATED WITHOUT THE PROPER ASSESSMENT OF THE SOURCE AND AVAILABILITY OF THE NECESSARY RESOURCES TO CARRY THEM OUT. IN THIS CONNECTION, OMB HAS A VERY IMPORTANT ROLE TO PLAY, MAKING SURE THAT THE RESOURCES ARE AVAILABLE AND ASSISTING IN ACCOMPLISHING NECESSARY REPROGRAMMING OR SHIFTS IN PROGRAMS IF THIS IS ESSENTIAL. THEY ALSO ARE HEAVILY INVOLVED IN THE PREPARATION AND SUBMISSION TO THE HILL OF ANY AUTHORIZATION AND APPROPRIATION REQUESTS. THEY CAN BE AND ARE VERY HELPFUL IF THEY ARE BROUGHT INTO THE PROCESS PROPERLY, AS YOUR NSC STAFF HAS ASSURED IN THE PAST.

ALL PROGRAMS ARE IN DIFFICULT STRAITS THIS YEAR BECAUSE OF LIMITED FUND AVAILABILITIES RESULTING FROM SIGNIFICANT CONGRESSIONAL CUTS. PL-480 FOOD AID PROGRAMS ARE PARTICULARLY TIGHT BECAUSE OF THE UNCERTAINTIES AS TO AVAILABILITY OF THE COMMODITIES, PARTICULARLY WHEAT.

IT IS VITALLY IMPORTANT, THEREFOR, THAT ALL AID PROGRAMS, AND IN PARTICULAR THE PL-480 PROGRAM, BE VERY CAREFULLY MANAGED IN ORDER

NO referral -- OMB on-file release instructions apply

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USAID, NSS, review completed

\*\*\*\*\* C O N F I D E N T I A L \*\*\*\*\* S C O P Y

THAT WE CAN GET THE MAXIMUM BENEFIT FROM THE LIMITED RESOURCES THAT ARE AVAILABLE. AS YOU KNOW, THIS TAKES A GOOD DEAL OF CAREFUL CALCULATION AND BALANCING OF OUR VARIOUS INTERESTS, PRIORITIES, AND RESOURCES. OVER THE PAST THREE YEARS WE HAVE ORCHESTRATED A CAREFUL MANAGEMENT OF THE PL-480 PROGRAM WITH THIS IN MIND.

THE POTENTIAL EFFECTS ON DOMESTIC PRICES OF OUR COMMODITY EXPORTS MAKES THE PL-480 PROGRAM THIS YEAR EVEN MORE DICEY THAN IT HAS BEEN IN PREVIOUS YEARS. WE BELIEVE THAT WE SHOULD CONTINUE TO USE THE INTERAGENCY MECHANISM WHICH WAS SET UP AT OUR SPECIFIC REQUEST THREE YEARS AGO TO MANAGE THE RESOURCE ALLOCATION FOR PL-480 PROGRAMS. IT BRINGS TOGETHER STATE, NSC, OMB, TREASURY, AGRICULTURE, CEA, AND THE DOMESTIC COUNCIL.

ALL OF THE ECONOMIC AGENCIES HAVE BEEN HAMMERING ROY ASH AND EXPRESSING CONCERN THAT THEY HAVE NOT BEEN APPROPRIATELY CONSULTED BY STATE AS IT HAS BEEN DEVELOPING OR COMMITTING NEW PL-480 PROGRAMS. IN OUR JUDGMENT, THE BEST WAY TO ACCOMMODATE THEIR LEGITIMATE INTERESTS AND STILL RETAIN THE ESSENTIAL MEASURE OF FLEXIBILITY AND CONTROL FROM A FOREIGN POLICY POINT OF VIEW IS TO AGAIN USE THE INTERAGENCY GROUP.

BECAUSE OF THE HEAT WHICH BUILT UP ON ALL OF THIS, WE BELIEVE IT WOULD BE HIGHLY DESIRABLE FOR YOU TO MEET BRIEFLY WITH ASH AS SOON AS POSSIBLE AFTER YOUR RETURN. THIS NEED NOT TAKE MORE THAN A FEW MINUTES. IT WOULD SIMPLY GIVE HIM THE OPPORTUNITY TO EXPRESS CONCERNS WHICH HAVE BEEN BROUGHT TO HIS ATTENTION BY THE OTHER AGENCIES. YOU THEN COULD DEFUSE THE WHOLE ISSUE AND GET THE PROPER BUREAUCRATIC HANDLE THAT YOU NEED BY PROPOSING THAT THE INTERAGENCY GROUP, INCLUDING HIS REPRESENTATIVE, YOUR REPRESENTATIVE FROM THE NSC STAFF, AND ENDERS, BE BROUGHT INTO PLAY TO MANAGE THE PL-480 RESOURCE ALLOCATIONS.

RECOMMENDATION:

THAT YOU APPROVE SCHEDULING A BRIEF MEETING WITH ASH.

APPROVE..... DISAPPROVE.....

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